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Vol. IV No. 2. | Madras, February, 1st 1921 | Post Box No. 353. Telephone No. 831.



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# "Commerce & Industries"

## FORTNIGHTLY BUSINESS REVIEW

Vol. IV No. 2. | MADRAS, 1ST FEBRUARY, 1921. | Regd. No. M. 1411.


### DEPRECIATION OF GOVERNMENT SECURITIES.

**(Dewan Bahadur K. Krishnaswami Rao Avl. C. I. E).**

Among the causes for the discontent that now prevails in India, the depreciation in the market value of the Government Securities, especially of those of 3 and 3½ per cent. Loans, occupies a prominent position. The enemies of Government point to it as evidence of the Government's want of sympathy with the holders of these Securities. So long as the holder of these Securities feels no necessity to pledge or sell them, his income in the shape of interest thereon suffers no diminution. But the number of such holders is exceedingly small. Majority of them are driven either by domestic circumstances or by the exigencies of their business, to the necessity of raising money by their pledge or sale, to meet unavoidable and pressing demands. In the quotations published in the Newspapers, 3 per cent. paper is seldom mentioned, while 3½ per cent paper is quoted at a discount ranging from 50 to 55 per cent more or less. The omissison of 3 per cent paper in the quotations raises the presumption that this class of securities are absolutely unsalable. The quotations for 3½ per cent paper is invariably followed with the significant word "Nominal". Even the Banks do not buy this class of Securities at the prices quoted. There are several instances in which the 3½ per cent. paper was sold at 45 per cent of its face value. What at one time was sought for as the best and safest investment now stands condemned in the public estimation as a thing to be shunned.

Even the Government Securities other than 3 and 3½ per cent. are depreciating in value with every subsequent loan raised by Government at higher rates of interst. Under the Indian Trusts Act, the Government Securities occupy the first place. Public bodies such as Insurance Companies, Charitable Institutions etc., are obliged to keep their assets (or at least a large portion thereof) in such Securities. They are the greatest sufferers by the depreciation in the value of these Securities.

This state of affairs cannot but lower the prestige and credit of Government. The Government ought to take steps to maintain public confidence in the investment in Government Securities and to remove the hardship to which the holders of depreciated Government Securities are put.

The Government, out of sympathy with and benevolence towards their servants and small pensioners, have generously increased their salaries and pensions. The holders of depreciated Government Securities expect the Government to show them similar consideration. They seem to have better claims on Government for sympathetic treatment than their servants and pensioners, as the money raised by such Securities has relieved the Government from financial embarassments or helped them in carrying out *productive works.*

If it is not possible to discharge the loans secured by the depreciated Securities, the Government may show their sympathy and gratitude to the subscribers to these loans by increasing the rate of interest to 6 per cent *free of income-tax and place them on a par with the recent War Loans raised by Government.* A concession like this, will be most popular and welcomed with deepest gratitude. Without such concession, to make the holders of depreciated Securities to wait for payment until all the loans subsequently raised at higher rates, are discharged, will be intolerable hardship. Even private individuals show preference to creditors who lend money at smaller rates of interest, over the creditors who charge higher rates. On this principle, the Government ought to discharge as early as possible loans carrying smaller rates of interest. To remove the general impression that 3 and 3½ per cent loans which are not now *expressly terminable* at *fixed periods*, are not redeemable, it will be a wise step to declare such loans shall be discharged within 10 or 15 years.

It is hoped that the Government of India will take this question of depreciation of their Securities into their serious consideration and pass orders at an early date, which will remove or at least considerably mitigate the just grievances of the holders of depreciated Securities.

### OUR MILK SUPPLY AND HOW TO REGULATE IT.

II

Nothing gives more satisfaction to an economic thinker and writer of his country's future weal than to find an all-India movement with ready response from the whole country, to stop cowslaughter so that our deteriorating agriculture and milk supply may be placed on sounder basis. If the poor sons of India are to live, her cow-wealth must have to be improved and protected. I have read with great interest the letter of Mr. Madanlal Jhamb that saw light in the Servant (Calcutta) of the 6-12-1920 and the report of that Enthusiastic public meeting held in the Alfred-Theatre, the day following under the presidentship of Maharajah Sir Manindra Chandra Nandi Bahadur of Cossimbazar in which His Holiness, the Jagat Guru Sankaracharya, and Messrs. Radha Churn Pal, Amulya Dhan Addya, Bholanath Sarma, Nirmal Chunder and many others took active part. We have had enough of such meetings in the length and breadth of the country; we want practical work. The Ratona Slaughter-house affair has put the whole country in a state of ferment on this matter. We want stopping of Cow-slaughter. That is a good start to begin with. We have read with great interest the message of Col. J. C. Wedgwood to the Indians in this matter. That will not convince us. Let us see what we have done during the past half a century in this line and then we may ask our Government or our Corporations to pass legislations stopping Cowslaughter within their areas. We have read the attitude of the founder of the Mogul Empire in this connection that has been unearthed the other day from the archieves of Bhopal State and a brief notice of which appeared in the Vernacular daily of Calcutta—the *Bharat Mitra*—of 24-8-20. Readers of Indian history very well know the condition of the Indian Cows in the Emperor Akbar's time on a perusal of the Ain-i-Akbari. We well know the grand offer of the greatest of the Peshwas to the British power in 1803 to save the Indian Cows, but what have we the present generation done within the last fifty years of British Rule in India, but holding meetings lecturing and sending resolutions or memorials to the Government. Very little has come out of it. Of late I was allowed a short interview with the Agricultural Member of the India Government last time when he came to Calcutta and was able to explain to him the present position, a brief account of which appeared in the *Bengali* of the 10th November 1920, last under the heading, of "Dairy farming and our milk supply." My other articles on the above subject are shortly to be published in that paper for the information of my countrymen. We have done practically nothing to save the Cow from the butchers knife. We talk loud and much. There are certain initiary and adverse conditions which are to be ameliorated before we can earnestly set ourselves to Cow protection. You have tea stalls and hotels for men; if you want to save the Cow, open such for her too, as was the case in Hindu Buddhist and Moslem Eras of Indian history.

The transport question, the fodder question, the bull and pasture questions with propaganda and education in these lines shall have all to be attended to. Let my country men therefore read and distribute Gopal Bandhab and such like booklets that impart knowledge in these lines.

Messrs. Dacre & Co of 172 Bowbazar Street, Calcutta, Messrs. Bhagal Bros. & Co., of Bentink Street, Calcutta, Messrs. Sarma and Misra of 10 Old Post Office Street, Calcutta, Messrs. D. Sadasib Agrl. Estate Co. (Madras) have all registered milk supply companies but none in the country have shown any practical work as yet. I have said many a time our present conditions are against us, we have no experts, and there are many difficulties; these have to be ameliorated. We must have free pastures and free service bulls and for this purpose the "pasture and Bull Bills, drafted by the All India Cow Conference Association shall have to be taken to the different Councils and must find a place in the Indian statute Book. The public enclosures and forests ought to be free for grazing purposes ; and here I may say that the Cattle Trespass Act may be repealed and the words " animate or inanimate" ought to be added before "object" in Sec. 295 I. P. C. to neutralize the effect of the *res nullius* decisions as very well said by Sir John Woodroffe in his first presidential address before the All India Cow Conference at Calcutta in 1917. I can give much help to my countrymen but I would request them to hear me first and then proceed. Of all such maiden ventures of my countrymen I give hearty support to the "Bengal Daires" of 172 Bowbazar street, and I call upon my countrymen to patronize the same.

Prof. P. C. SARKAR.

*M. R. A. S. &c. 31 Elgin Rd. Calcutta.*

### FIRE INSURANCE.

The question of Insurance Companies responsibility for recent incendiary fires in Liverpool has been temporarily solved by the companies meeting the claims pending legal decision regarding the liability of the community on the ground that outbreaks were due to civil commotion and riot. The companies will claim from the Corporation if the latter is held responsible. It is estimated that the damage to merchandise execlusive of Buildings was three hundred and fifty thousand Sterling.

### SKIN AND HIDE MERCHANTS' ASSOCIATON, MADRAS.

At a meeting of the general body of the Association held last month the following resolutions were unanimously passed:—

Resolved (1) that in view of the slump in the leather trade, very low prices and of the heavy losses which merchants are incurring and have to incur, shipments of tanned goat and sheep skins to Europe and America be stopped for four months from the 15th January, 1921. shipments being allowed only by the next first two steamers to Europe and by the next first one steamer to America; (2) that shipments of dry goat and sheep skins be similarly stopped for four months from the 15th January, 1921, excepting on orders accepted as a result of offers made not later than the 4th January 1921; (3) that the Government be requested to take steps immediately to stabilise the exchange at a normal rate with a view to safeguard the

interests of the mercantile community; (4) that in view of the heavy losses incurred by the exporters being attributable to Government forcing up exchange artificially by sale of Reverse Councils against the unanimous opposition of the Indian public and in the interests of the British industry and export trade the same having naturally resulted in the subsequent reaction and heavy fall in the value of the rupee, and that in view of Government having made the public to understand that they will keep exchange at about 2s it is requested of them to arrange settlement of redrafts resulting from shipments made during the period of artificial rise in exchange at 2s. the consequent loss being charged to the account of the British Exchequer; and (5) that a Syndicate be formed in Madras to help the smaller merchants and to develop Madras leather trade, the details of which are to be dealt with separately in the next meeting.

### EXCHNGE AND DELHI MERCHANTS.

The present conditions in trade, as caused by the Exchange, has been causing anxiety among the Delhi traders. Recently, the Managing Committee of the Delhi Hindustani Mercantile Association discussed the question at length and passed a resolution, endorsing the views of the Nagpur Congress as contained in the resolution moved by Mr. S. R. Bomanji, requesting the Congress Committee to take immediate steps to give a lead to the mercantile public, and also inviting the attention of various mercantile Associations in India to strengthen their hands to save themselves from the present ruinous state of affairs.

### INDIAN MINING FEDERATION'S ATTITUDE.

The members of the Indian Mining Federation, Jharia, assembled at Jharia in a general meeting, resolved that in view of the fact that the present system of preferential supply of wagons in seriously affecting the interest of the coal trade they will sell their coal only under condition that its despatch must be made by wagons supplied to the colliery concerned on the pro rata basis determined according to raisings and stocks and not under any classification of special supply except for purposes of Government and public utility. It was further resolved that the above resolution should be given effect to immediately.

### MERCHANTS IN MADRAS.

The Madras Piece Goods Merchants' Association has passed a resolution that in view of the enormous losses importing merchants are put to consequent upon the low rate of exchange and the assurance given by Government as to the rate of exchange and the passing of the law in the Supreme Legislative Council fixing the rate at two shillings per rupee, firms and Banks in Madras be requested to extend the time for payment or for fixing of rates of all drafts for piece goods imported either direct or through firms to such date as the exchange rate reached two shillings per rupee.

**Indian Coal.**—In spite of the restrictions imposed by the Government of India in their *communique* of 9th July 1920 prohibiting exports of coal except under license, subsequent experience has shown that the stocks of Railway coal are dangerously low at present. Difficulties are said to have been experienced by indigenous industries in obtaining coal. The present shortage of coal is due to poor raisings in the coal fields and railway transport difficulties in respect of Bengal coal. The Government of India have therefore ordered to curtail the demands for Bengal coal by stopping exports to Sabang and Singapore at once and to Aden after the end of this month, allowing 50,000 tons, 40,000 tons and 25,000 tons to be exported to Colombo in January, February and March respectively and restricting bunkers at Indian Ports.

### INDIAN TEXTILE INDUSTRY.

A Delhi correspondent, interested in the cotton industry, makes some useful suggestions which mill-owners of India, and especially those of Bombay, would do well to consider carefully. He points out that while manufacturers all over the world outside India are trying to protect their own and capture other markets by subsidies, advertisements, propaganda work in various forms, by appointing trade commissioners, and even by manipulating the tariffs, with and without the help of their Governments, the Indian mill-owners alone are content to sit with folded hands, depending on the chance movements of their trade or relying on Government to do "the needful." As the correspondent says, whatever impetus is given to the use of Indian-made cloth in this country is given not by those engaged in the trade, but by politicians and other well-wishers of the country, who have no direct interest as such in the industry. This apathetic attitude on the part of mill-owners is detrimental to their own interest as well as those of the country as a whole. The correspondent, therefore, suggests that all the spinning mills should contribute, say, annas 8 per spindle, and all weaving mills one rupee per loom per annum in advance either to the Indian Industrial Conference to be earmarked for expenditure on propaganda in favour of the use of country-made cloth and yarn, or to a new organisation to be started for this purpose. He suggests the establishment of a board for carrying on regular and continuous propaganda work, the members of the board to be selected from each centre of cotton mills, says the correspondent, "by broadcast distribution of the literature dealing with the advantages of country-made goods, by engaging preachers, by giving subsidies to English and vernacular newspapers, by engaging clever agents outside India for studying conditions and introducing our produce there, very good results could be obtained." Some of these suggestions are well worth adoption by those engaged in the industry.

(*Bombay Chronicle*)

### AGRICULTURAL AND INDUSTRIAL EXHIBITION.

It cannot be denied that exhibitions and shows are the best mediums for the dissemination of knowledge among the people *says Bengale*. They help the manufacturers, purchasers and learners and create good understanding between them. The Exhibitions that are got up now-a-days in different parts of the province are not, we are afraid generally conducted on right lines to serve the purpose for which they are primarily intended. In these days of keen economic stress and strain, it is just as well that the number of Exhibitions and shows should multiply and they should be so orgainsed as to serve as an eye-opener to the public. It is however interesting to know that the Committee of the Faridupur Exhibition have left the beaten track this year and are anxious to afford facilities for the practical demonstration of agriculture and industries suitable for middle class people and have appealed to the several firms for co-operation in this direction. We hope their appeal will meet with ready response and Commercial firms should not be behindhand in joining hands with the Committee in promoting this laudable object.

### BRITISH AMERICAN CONTINENTAL BANK.

The British American Continental Bank, formerly Hannevigs Bank, with the subscribed capital of £12,42,000 sterling has suspended payment.

It appears that the suspension was due to another suspension in New york. The Bank's business was largely commercial. Practically all the loss falls on the shareholders who, it is stated, will receive considerable proportion of their investments.

### BANK OF BENGAL.

Rajah Reshee Case Law has been elected as Director of the Bank of Bengal, *says Bengalee*. This is the first time that the Bank has an Indian on its Board of Directors. Other Presidency Banks have not been so much intolerant of Indians as Directors. But the Bank of Bengal, though fattening upon the money of Indian depositors and share-holders gave the wide berth to them. Prejudices are said to die hard. It took the share-holders of the Bank of Bengal such an unconscionably long time in getting over this prejudice, based on the arbitrary distinctions of colour. Our Hare Street contemporary calls the appointment an historic one. It remains to be seen whether this implies a real change in the angle of vision of those who are so much wont to arrogate racial superiority to themselves on the ground of white complexion. After all, what it complexion but the outward daub of veneer. It is the man behind this exterior that matters. Witness after witness complained before the Industrial Commission, of the grave anomaly consisting in the Presidency Bank in Bengal shutting its doors tightly against Indian Directors. Mr. Bhupendra Nath Basu complained in the course of his evidence: "This Bank does not call general meetings. They elect their own members in a particular way, and not through the shareholders in a meeting. I am a shareholder of the Bank and I have never received notice of any meeting." However, now that the prejudice against Indian Director may be taken to have died out, we hope the Bank will not be so much chary of or disinclined in giving all reasonable facilities to Indian merchants and traders. However, the new Imperial Bank comes into existence towards the end of the present month and the appointment has been made in pursuance of the new regulations.

### AMERICAN TRADE DEPRESSION.

#### Many Failures Expected.

The present events on the Stock Exchange, writes a New York Corsespondent to the *Times* have reflections in such situations as that at Fall River, Massachusetts, where 11 of the 39 cotton mills have closed indefinitely, throwing 8,000 people idle. That this is no local condition is shown by surveys of the manufacturing districts conducted by many different agencies. All through New England and the Eastern States factories of all kinds are closing down for a short or long period. Where this is not done employers are announcing drastic reductions in wages.

There are definite indications that the policy of employers is to force the conditions of production back to normal. This policy is based on the assumption that their huge pay-rolls are responsible for high prices, which in turn, are largely the cause of the present depression through the refusal or inability of the puplic to pay. The attitude of labour in face of this situation generally is to make the best of a bad job. Textile workers, for instance, at first threatened a general strike, but this has not materialized.

#### Stock Exchange Failure.

The Stock Exchange firm's failure to-day is comparatively unimportant. It is apparently a sequel to the speculative episodes of last summer. Wall-street is depressed by the expectation that the trade " slump " will be long continued.

Many commercial failures are inevitable within the next six weeks. Appointment of receivers for a large rubber manufacturing corporation is believed to be impending. Apathy in the retail trade continues to be the great obstacle in the way of a business recovery, but after Christmas drastic price " cuts " are relied on to produce activity.

### FACILITIES FOR FOREIGN TRADING

Mr. LLOYD GEORGE, replying to COMMANDER VISCOUNT CURZON (Battersea, S., C. U.), said :—The Board of Trade have been engaged for some time in consultation with banking and general trade representatives in trying to produce a scheme which will facilitate trade with countries whose producing power has been largely destroyed by the difficulties of the exchange. I may add that the possibilities of barter in cases in which exchange has totally collapsed have not been overlooked, and I understand that some attempts at trade have been made along these lines.

## EXPORT CREDITS.

### An Indian Bank's Scheme.

SUGGESTED GOVERNMENT GUARANTEE.

New and interesting suggestions for a method of providing credits for Continental nations and thereby removing one of the great stumbling blocks to the re-establishment of satisfactory economic conditions in Europe and a restoration of her purchasing power are contained in a draft scheme drawn up by one of the leading Indian exchange banks. The proposals are largely based on a view of the present position from the Indian standpoint.

THE SCHEME OUTLINED.

The actual scheme now proposed by this authority is as follows, Germany being merely used as illustrative of what might be equally applicable to other countries:—

1. In order that certain Continental nations which under present circumstances are unable to obtain accommodation on reasonable terms in the open market may be able to command the confidence necessary to attract funds for the financing of their essential imports, an International Commission shall be constituted for the purpose hereinafter stated.

2. The German nation, through its Responsible Government desiring to participate, shall notify to the Commission what specific assets they are prepared to assign as security for commercial credits to be granted as hereinafter provided.

3. The Commission, after examination of these assets, shall of its own authority determine the gold value of the credits which it would approve against the security of these assets.

4. The German Government for purposes of arranging and of administrating these credits shall cause to be formed an institution to be known as the German International Produce Clearing House, India Section, having its head office in Germany and a branch in London, and the said German Government shall confer upon the above concern full authority to act on its behalf and vest in it full powers to deal with all matters concerning the working of the scheme in question.

PARTICIPATION OF FOREIGN BANKS.

5. The German International Produce Clearing House, India Section, shall have associated with them in Germany the services of the leading German bank, and no credit shall be arranged by the said Produce Clearing House under this scheme unless it has first been applied for by one of the associated German banks, who will acknowledge full responsibility to the Produce Clearing House for the due performance of every liability under the credit and for all and every act of its customer on whose behalf the credit has been applied for.

6. The London office of the German International Produce Clearing House shall have associated with them in London the services of the London clearing bankers and approved London accepting houses for the purpose hereinafter explained, and in consideration of the services so rendered by the London clearing bankers and accepting houses, the German Government will unconditionally cause to be pledged to the said London clearing bankers and approved accepting houses the whole of the securities as referred to in Articles 2 and 3 of the scheme, the gold value of which securities the said Government will undertake to maintain at all times equal to the sterling face value of the credits outstanding at any one period under this scheme, together with the guarantees to be afforded by the respective German banks specially referred to in Article 5.

GOVERNMENT'S GUARANTEE.

7. The Government of India also, in view of the valuable sevices which the London clearing bankers and accepting houses agree to render in connexion with this scheme, will also accord the said bankers and accepting houses its unconditional guarantee that all drafts drawn under the credits to be issued in virtue of this scheme shall be duly provided for at maturity, for which consideration the Government of India shall be entitled to charge the German International Produce clearing House a commission on the total amount of credits coming within the scope of this guarantee.

8. All letters of credit arranged under and in virtue of his scheme shall be—(*a*) issued in sterling; (*b*) drawn on and payable only in London and payable only in sterling, so that the onus of exchange will rest entirely with the German International Produce Clearing House.

9. No credit shall provide for bills at a longer usance than six months' sight, and it shall be distinctly understood and agreed upon that every bill drawn in terms of such credits will be duly provided for and honoured in full at due date.

10. The remuneration to be demanded by the German International Produce Clearing House and the German banks for services rendered in this connexion shall be settled mutually in Germany with her own nationals and the remuneration required by the London clearing banks and accepting houses shall be one for mutual arrangement between the German International Produce Clearing House, in London and the said London clearing banks and accepting houses, and settled in London.

11. Half-yearly accounts shall be duly presented by the German International Produce Clearing House to the Government of India, the London clearing bankers, and accepting houses directly concerned of all securities pledged, and German bankers' guarantees provided, and of all credits outstanding and position thereof.

12. A full report will be issued yearly by the German International Produce Clearing House, together with such particulars reqired under No. 11, and in the light of progress then made any modification of the scheme may then be considered.

ADVANTAGES OF THE SCHEME.

The originators of the scheme claim for its simplicity and rapidity of operation when the preliminaries are settled. They consider it provides Germany or such other country as might be concerned with the readiest method of providing their nationals with all the raw produce of India which they require, and on the chepest lines possible ; and in the case of India that it would mean the recovery of her Continental customers, increased revenue to the Government, and strength and stability to her sterling exchange. They also suggest that should such a scheme be found readily acceptable to the Govenment of India it could at once be adopted and applied to our Colonies and other overseas countries.

Finally, with regard to the rate of remuneration to be claimed by the Govenment of India in respect of their guarantee, this point is left open, as the Government might desire to avail themselves of the services of one or other of the insurance sehemes now under consederation. (*Times*)

## BRITISH TRADE OUTLOOK.

### Economy and Hard Work.

Mr. Stanley Machin, President of the London Chamber of Commerce, discussed with a *Morning Post* representative recently the outlook for British trade and the prospects of alleviating the serious situation arising from the increase in unemployment. The advantages which will accrue from the abolition of the Excess Profits Duty at the end of the financial year—a step which he regarded as inevitable—and the necessity for economy and hard work on the part of all sections of the community, were the principal points emphasised.

All who have the interests of industry at heart (remarked Mr. Machin) will welcome the abolition of the Excess Profits Duty. No tax that has ever been imposed has had such deplorable effects on enterprise and industry. While I fear that it will take years to overcome the injury that the tax has caused, its early abolition will undoubtedly give that impetus to industry which is keenly desired on all hands, including the Treasury. The tax has led to wasteful administration, excessive inflation of prices, and, finally, to a want of confidence, to which the present state of unemployment is largely due.

### Economy First.

The industrial world is faced with serious times. The abolition of the obnoxious E. P. D. should help materially to improve matters, but the nation cannot recover its position until the necessity for strict economy is recognised on all hands. On this point the Government ought to be aware of the deep earnestness with which the business community view this necessity at the present time. Industry realises its responsibilities, and is prepared to face them, but it must be understood that it absolutely cannot bear the enormous burden of taxation to which it is now being subjected.

### Example of Belgium and France.

Further, all must realise that a great effort of consistent and conscientious work is absolutely essential. A report has reached me only to-day from a most intelligent industrialist who has just returned from a visit to Germany, Austria, Belgium, Holland, and France. While the position in Austria is deplorable, the Germans are working with a will and successfully to restore their industrial machine. Belgium, through the hard work and energy of her people, is making a wonderful recovery, and my informant saw the most striking signs of a revival of industry in France. We can all rejoice at such reports. At the same time it is necessary to urge upon the people of this country to follow suit, and by steady work enable us to regain the trade position which we held before the war.

### Mr. Peter Rylands's Views.

Mr. W. Peter Rylands, President of the Federation of British Industries, who was also ineterviewed by a *Monring Post* representative yesterday, said:

Industry's real anxiety is lest the Chancellor of the Exchequer may decide to impose some direct tax in place of Excess Profits Duty. In view of the present industrial outlook, it would seem unlikely that many companies will be making excess profits in the near future, and any appreciable direct tax in some other from would seriously increase the admittedly great difficulties which lie before us at the present time, and might, in certain circumstances, prove disastrous.

Two forms of direct taxation have been considered. The first is the continuance or extension, of the Corporation Tax, involving the principle of a flat rate-tax on profits. This I consider unfair and unsound. It is unfair, because it singles out one section of the community for special taxation. It is unsound, because it confines the burden to the ordinary shareholders, who bear all the risks involved, and allows preferential and secured capital to escape. In view of the high rate of interest commanded by capital today, it is likely to be far from easy to obtain subscriptions for ordinary shares, and the present great increase in the issue of preferential and secured capital at a very high rate of interest may affect very prejudicially the Stability of industry in the future.

### Effects of Tax on Turnover.

Another suggestion is a tax on turnover. This tax has been adopted in Canada and France, and from reports received there is some doubt as to its success. In any case, it is clear that any such tax in this country must be accompanied by a corresponding import duty on commodities from abroad which come into competition with British manufactures. This is probably an overriding objection, but in any case, if it is intended to be a consumers' tax, it will be better to raise the money in some other way, while so far as it would increase the cost of production of commodities manufactured for export, its effect would be wholly bad.

Any tax on industry is a tax on production, and a tax on production must be bad. There is no doubt that, under the conditions of the past six years, some exceptional form of taxation on industry was politically expedient and proper. The mistake made was to continue it after the war when the past profits are absorbed in the floating capital.

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## TRADE SITUATION.

India is passing through very critical times. Unless the people of this ancient land of ours wake up and pull together, the present year may prove the most disastrous one in the history of our county. We have been told that about 20 Merchants in the Vizagapatam District are on the verge of bankruptcy and many more are expected in other districts. Money is scarce. New companies registered last year are unable to receive the 1st or 2nd call from the shareholders. The value of machinary has gone up so much so that many industrial concerns floated in the recent boom are counting their days and are likely to wind up in due course. Prices are high and the demand for more wages is always on the increase. The financial position of the country is very precarious. Our merchants and industrialists are pulled down owing to the apathy of the Goverenment and the increased taxation. They have suffered from the undue severity of the Incometax, the Super tax and the Excess Profits Duty. Unless the extravagant Government expenditure ceases, and the burden of taxation is lightend, there can be no hope of progress.

Indian Industry is in a state of collapse. Buyers have realised that prices have reached the highest limit and to embark on new enterprises at the current high prices is financially unsound and bad speculation. The Indian textile Industry for which several companies have been recently registered should have become one of the most important industries of this country and found employment for hundreds of thousands of men but for the serious difficulties in the importation of foreign machinery. Owing to the fall in the exchange, many orders for machinery are said to have been cancelled and to buy machinery at three to five times the prewar cost cannot but spell disaster. Our Government has given very little encouragement to Indian industry and trade.

The present situation is so very serious that the responsibility cannot be left altogether in the hands of Our Government. The Indian members of the Government are after all merely politicians who do not realise the immense importance of the commerce and industry of this conntry and at any rate have not paid the attention they deserved. It will be in the best interests of good Government and the millions of the people of this country if a committee of the best business brains of the country composed of the principal bankers and financial experts commanding the confidence of the country is immediately formed to co-operate with and advise the Government in satisfactorily dealing with the present critical financial situation of the country. The difficulty mainly lies in the fact that the country is too much in the hands of the Government officials who would feel that any proposal to effect economy in the cost of collection of Revenue and Expenditure would detract from the importance of their positions and will have the consequence of cutting down their own numbers all over the country. The officials of Government do not realise the position of the business men in trade and industry and so long as they receive their incometax and Supertax, they imagine that the business men are making the same profits as during the war.

The Government expect to realise more and more from the Income-tax and Super-tax while on the other hand they should revise the provisions of the law so as to remove the burden of hardships on the tax-payers. It is not wise policy to over-burden the country with taxation and until the burden of taxation is lightened, there will be no revival of trade. The consequence will be that no profits will be made and there will be no money available to meet the country's obligations to the Government.

## THE EXCHANGE CRISIS.

The Exchange problem continues to engage the attention of the businessmen in India, particularly in the import trade. In some cases, drafts are not retired, while in others the drawees have been indifferent in accepting them. In cases where acceptance is made, there is no payment, in the expectation that the exchange will be fixed at 2s a Rupee. Even our Anglo-Indian Contemporary, the *Englishman* of Calcutta, referring to the exchange question wrote :—

'It needs emphasising that had any elected Cabinet misled a country to the extent that the Government of India misled the commercial community of this Empire, had any popular administration been responsible for the amazing mess into which the finances of India have been precipitated, that Government would by now have disappeared and a new one would have been reigning in its stead.'

"I have gone into the question of the unsteadiness of the market and the difficulties of indentors. The causes are four : (1) The unsteadiness of the rupee exchange, which makes trade a gamble. (2) The Swadeshi movement, or the demand for Indian manufactured goods. It is calculated that about 33½ per cent. of the population ask for or insist on Indian goods when they go to a shop. (This does not apply to machinery, pharmaceutical and similar special lines.) Where there used to be a demand for one piece of Manchester shirting there is now a demand for for 2-3 bales of Indian manufactured long cloth. (3) The belief that prices are bound to come down, and that, consequently, the later the purchase the cheaper the price. (4) The fact that present prices have soared above the purchasing power of the buyer.

"German goods have begun to arrive in the Punjab. Cycles, toys, velvets, merino cloths, etc., are already on the market. Even goods on the D/A system have been received in several cases at from 30-60 days' sight. Cycles which England at present cannot deliver at £6 have been received at £4. I could give further details, but I shall refrain. Viewed in the light of the present state of the market—*i.e.*, the non-retirement of drafts—it is a serious matter. Those who have the interests of British trade at heart must devise some means whereby it is to be saved from disaster. For, in the present mood of the Indian buyer, many things can happen.

"REVISED prices, generally reduced, are being received now from Great Britain for various goods, principally piece goods, leather and such like. These reductions range from 15-33½ per cent., or even more. The quotations are for the same class of goods as those lying at the Indian docks against unpaid drafts. However, there are no orders in the market.

The *Mercantile Guardian* commenting thereon writes :—

The delays over deliveries have let the Indian buyer into a huge exchange loss with already high-priced purchases, and instead of getting the goods when customers were many he is getting them when customers are on strike demanding pre-war prices. A 500lbs. case of nickel silver bought at, say, 2s. 6d. per lb. when the rupee exchange was 2s. 6d. would cost the Indian buyer Rs. 500. If the Birmingham manufacturer for his own domestic reasons is only able to deliver when the rupee is 1s. 5d. the cost to the Indian is Rs. 882 per case, *i.e.*, a totally unexpected advance of some 75 per cent., for which, of course, "no one is responsible," and this huge advance has come at a time when everyone is expecting lower prices. If, as in the case of various Birmingham exports, the long delay in shipping has meant that cheaper competing German articles, especially favoured by the low mark exchange, are once more making their appearance in the Indian markets, then I can only wonder why the Birmingham Chamber of Commerce spends money in cables to India asking for explanations.

There have been a regrettably large number of cancellations of orders received from India in the past month or two by merchants and manufacturers in the Midlands, and the Birmingham Chamber of Commerce sent a cablegram to India asking for explanations and suggestions as to the best way out of the *impasse*. The reply from the Bengal Chamber of Commerce was that over-trading had been aggravated by the unexpected slump in exchange, and advocated restriction of shipments as the only remedy. The Karachi Chamber pointed the moral that more discrimination was necessary in accepting orders from unknown and unreliable buyers. I must candidly say that many export merchants dealing with the Midlands say that Birmingham makers very largely have themselves to blame for these cancellations in instances where they have been terribly behindhand in deliveries, largely through neglecting their export orders in favour of their once bounding home trade. Even if export orders were not booked with a definite guarantee of delivery, an expectation of delivery, in six or nine months would be held out, and when this has doubled into twelve or eighteen months explanations relating to the moulders' strike, etc., have worn rather thin in face of known heavy deliveries to the home trade."

The Indian motor trade has been considerably affected. The docks of Calcutta, Bombay and Karachi are reported to have been "choked with new arrivals of cars which nobody wants and of which nobody will take delivery." Owing to the fall in the exchange, the rupee cost of the motor cars has enormously increased.

The cost of a car worth £ 1000 when the exchange was 2s. 6d. at the time of the order was Rs. 8000 in Indian money. Now that the exchange has fallen to 1s. 5d. the buyer has had to pay on arrival of the car a sum of Rs. 14,000 to meet the bill for £ 1000 sterling. Thus, the delay of a few months in delivery of the car would mean enormous loss to the importer or the buyer, though it might be nothing to the manufacturer. To avoid the dishonoring of the drafts on presentation and the refusal of the goods on arrival, the most prudent course would be to settle the transactions in Rupee value instead of sterling value or to remit cash with order. This aspect of the question should be borne in mind both by the manufacturers and the importers so as to continue their mutual friendly business connections. The extraordinary tightness of the money market in India has reduced the stocks and shares to ruinous levels, without buyers. The recent huge import of motor cars into India has outstripped the garage accommodation.

## GERMAN TRADE WITH INDIA.

The Calcutta correspondent of the *Morning Post* says: Statistics just issued show that, for the six months ended September 30, German direct trade with India made an astonishing recovery, being valued at 139 lakhs of rupees. Direct exports to Germany were estimated at 322 lakhs of rupees says *Yorkshire Herald*. At par of exchange those sums represent £1,390,000 and £3,220,000 respectively. The former is one per cent. of India's total import trade for a period during which imports were exceptionally heavy, and the other is 2½ per cent. of India's export trade for the period. During 1913 German exports to India totalled Rs. 590 lakhs and her imports from India 1,141 lakhs of rupees

Apparently the Germans are getting back into all the markets in which before the war they held a big place. Imports of German dyes during the six months under report were as valuable as the imports of German dyes in the corresponding period of 1913, though the volume was very much less. Her other chief consignments to India were 3,900 tons of steel bars, 800 tons of sheets, 23,500 tons of salt, 43 motor wagons valued at about £35,000, 50,000 gallons of beer, and 37,000 yards of piece goods.

Germany's direct imports from India during the six months were 21,000 tons of raw jute, 13,000 tons of raw cotton, 22,000 tons of rapeseed, 1,500 tons of hides, 9,000 tons of rice, 1,600 tons of bone manure. Her re-entry into the India hide export market is especially significant in view of the fact that it was in this particular market that Germans, before the war, formed a cartel so rigid that Englishmen were practically excluded from the business in a British Dependency.

All the war-time talk of post-war restrictions on German trade seem to have ended in smoke. Apart from the need of securing a passport and permission to reside in India, a German is as free to trade now as in 1913.

The whole of Germany's trade recovery has been made thus far without the aid of a single German ship, though certain lines are operating with the aid of German capital. Under the consortiums recently concluded with two American shipping groups, both the Hamburg, America and the North German Lloyd expect soon to resume running on the Eastern trade routes. American ships, some of them built to the order of the American Shipping Board during or shortly after the war, are to be placed at the disposal of the two German shipping lines for this purpose. German trade competition in India may then be expected to begin in right earnest."

## ANGLO-INDIAN ASSOCIATED CHAMBERS OF COMMERCE.

The annual meeting of the Anglo-Indian Associated Chambers of Commerce of India and Ceylon was held at Royal Exchange, Calcutta, on the 24th and 25th ultimo. The Chambers who are members of the Association and represented at the conference were *viz.*, Bengal, Bombay, Burma, Ceylon, Chittagong, Cocanada, Cochin, Karachi, Madras, Narayangunj, Punjab, Upper India and Tuticorin. The conference offered a good opportunity for interchange of opinion on commercial industrial and other similar questions. The following principal subjects were discussed (1) A proposal that ligislation should be introduced to provide for the registration of partnerships and the registration of business names (2) A proposal that section 51 of the Indian Income Tax Act of 1918 should be so extended as to permit of an unrestricted right of appeal from the Chief Revenue Authority to the High Court.(3) The Indian Exchange and currency question. (4) The Railway question, provision of Finance, State and Company management and other allied matters. (5) Questions affecting the telegraph and postal services. (6) The labour question, labour unrest and possible remedies, applicability of laws in force in British India to the Native States etc.(7) The report of the Indian Cotton Committee. (8) The question of the administration of the Port of Chittagong. (9) The Auxiliary Force act.

## UNDERSELLING BY GERMANS.

EFFECT ON BRITISH TRADE.

Mr. Charles Sangster, Managing Director of Ariel Works (Ltd)., Burnbrook, speaking at a meeting in Birmingham said the general slump in trade had arisen from a great many causes, and he could not forecast the future, but he could honestly say that it was due to German competition and German under-selling. I will (he continued) give you some simple instances that seem too simply foolish for all of us not to have seen it before and provided against it months ago. The four instances I propose to give you are an egg, a pen-knife, a bicycle, and a motor car. In this city there is a very large firm of printers and general fancy stationers. Among their activities they make Christmas crackers. This firm's Christmas cracker trade finished months ago, and in the last few weeks they have been preparing for their Easter egg trade. In the last few years they have made all their Easter eggs in Birmingham, and employed their own people, and the people have made the egg shell out of the cardboard and the paste and put the hinge on and sewn it round, and made the shell of each egg, which ultimately is tinselled and filled, and may be sold, for all I know, as high as half a guinea in the shops; retail, next Easter. Well, they were offered these eggshells by the Germans at one penny each, nicely finished with the little hinge, allcomplete. They did not intend buying them, but they found certain competitors who had bought quantities of these at one penny. The firm I have in mind said, "Well, we shall be put out of the business; we shall have to do the same," and they did, and they have closed this department of their works, and they have discharged all their work people, and placed the whole of their order in Germany at 1*d*., but the German is getting 1*s*.0½*d*. in his own money. Now we will take the pen-knife instance. A friend of mine the other day, who was over in Germany buying goods, was offered a parcel of penknives, beautifully finished, all complete, mother of pearl both sides, beautifully marked "Clifton, Sheffield"—there is no mistake about the"Sheffield"—and he was asked what he thought would be a fair price for those knives wholesale, a knife such as we would have to pay in our shops from 7*s*. 6*d*. to 10*s*. 6*d*. according to the shop. He said, "Wholesale, 3*s*. 6*d*. to 4*s*. 6*d*."they said, "We will do you 100,000 gross at 1*s*. each." But the German is getting 12½ shillings in his own money.

GERMAN BICYCLES AT £2 EACH.

Now I will give you an instance of bicycles in our own particular trade. All the best firms are working just a few hours per week, having little or nothing to do; don't know how on earth to make ends meet, and their wages and their purchases to come anywhere near the small sales they can effect, and, as you will know, the cheapest price retail of a bicycle to-day is somewhere about ten to twelve guineas average, call it ten guineas. A little syndicate went to Germany a month or two ago, and they bought one consignment of 14,000 German bicycles, an exact imitation of a well-known British bicycle, and they paid for those 14,000 bicycles £28,000, minus tyres and saddles, or £2 each. Those bicycles were landed three weeks ago at the Royal Albert Docks on the river Thames. Now, as far as all our workpeople are concerned, and I am talking about unemployment and the future prospects of it, we are to-day paying very much more than £2 for a bicycle in wages, let alone materials and expenses, and we cannot possibly compete with this. But the German gets £25 in his own money for a bicycle without tyres and saddles. You would be getting a 50 per cent. didvidend if we could do this. The other instance I propose to give you is a motor car. A friend of mine was offered last week in London a brand new Benz car. It is a very fine make of German car; there is no better. They made a very fine aero-plane engine, which killed a great many of our people. He was offered this car—a beautiful Limosine car—for £400. The body alone of this car to-day could not be produced in this country, let alone sold (especially at the price kept up by the Coach Builders' Trade Union) to-day for £600.

(*Scotsman.*)

## TRADE CONDITIONS IN CANADA.

### Sir Vincent Meredith's Criticisms.

The last annual meetting of the Bank of Montreal attracted unusual attentionthroughtout Canada owing to the manner in which an exceptional number of important topics were discussed from the banking stand point (says the Montreal correspondent of the *Daily Telegraph*).

A general study of the trade conditions in the Dominion was made by the President, Sir Vincent Meredith, expressing caution without apprehension, with indications of restricted credits during the coming year, a general reduction of the level of prices, and the necessity for the business interests of the country to prepare to meet the changed conditions after a period of inflation and extraordinary activity due to war conditions, followed by feverish activity during the two years after the war. Sir Vincent found encouragement in the fact that the tide of immigration, checked during the war, was again commencing to rise, with an increase of 30 per cent. in the past year over the previous season, while it was a note—worthy fact that the increase was almost wholly in persons from the British Isles.

GOVERNMENT OWNERSHIP.

The deliberate condemnation of Government ownership of public utilities by the President of the Bank has attracted widespread comment. Sir Vincent Meredith pointed out that the Government were now in possession of the extensive national railway system, which was being conducted at a heavy loss, thereby increasing the load on an already heavily tax-burdened people. He declared that sooner or later some method must be found to relieve the situation. While some believed that proper public administration of the railways could reduce the deficits, his view was that the best solution would be found if the Government, as soon as possible, divested itself of control and operation of the railways and placed them under corporate control under terms fair to the country and conditions which would ensure an adequate service.

Following the same line of argument, Sir Vincent pointed to the world-wide over-production of shipping tonnage and the declension of profits, and urged that it was desirabe that no further national expenditure should be incurred by the Dominion Government in building ships. He suggested the advisability of a credit corporation to finance foreign trade.

NO REASON FOR DISMAY.

Sir Frederick Williams-Taylor,the General Manager, pointed out that for over a century the country had benefited by warnings issued by the officers of the Bank regarding the commercial and financial economic outlook. Equally impressive was the sustained faith, expressed by different reports, in Canada's future and in her ability to win safely through those periods of inflation and depression which every country must meet and undergo from time to time, particularly every young country. Sir Frederick, discussing the general situation in Canada, said he might say, in his opinion, the world had never faced a banking and business situation requiring more delicate handling. Since August, 1914, the world had travelled for along the road to ruin, and they migt be thankful that the waste and destruction were ended before the point of utter exhaustion was reached. Canada had not escaped, but Canadians were still a virile people in a goodly land, and there was no reason for dismay over the national outlook but every reason to be sober, while they took stock of their resources and of their prospects. There was no royal road to the stable conditions of former years, and no magic by which wealth that had been lost or wiped out could be restored. For the debts incurred there was nothing for it but to repair damage retrench and confidently work out their salvation.—(*West Africa*).

## EXCHANGE & INDUSTRY IN INDIA

(By Josiah C. Wedgwood, D. S. O., M. P.)

The soundest finance in the world is to be found in the Scottish City of Calcutta. A jute mill balance-sheet is the sort of thing directors imagine in heaven. Long before the good times came, and armies demanded sandbags, directors had depreciated away from off the balance-sheet, buildings, machinery, and goodwill; and then came the demand for jute, and nothing could conceal the dividends. Cotton mills are only a short head behind; and the great export and import houses wisely publish no balance-sheets. It is enough to say that no modern "nabob" can afford to buy a home estate, or ever contemplate returning to bonnie Scotland, on account of the supertax to which he would fall a victim.

Up till the end of November there was loose money to invest in India. The 7 per cent. Preference Shares stood about par. To buy a jute mill ordinary share one must still be a millionaire. Ten million pounds were raised recently in Bombay at 6½ per cent. The Indians, particularly the Marwari traders, were loosening their purse-strings, and now, so I am told, half the Calcutta mill shares are in the hands of Indians. But hardly one director or managing agent is Indian. Sir Rajendranath Moorkerji, the head of a great European contracting house, is an exception; and, of course, the Parsee house of Tata, surpassing in glory any and every jute mill, is now engaged in building up a mordern Birmingham at Jamshedpur, where all the finished steel and iron products will be completed from the Tata Steel Mill and Tata Coal Mines, carried to the sea in Tata railways, and shipped on Tata ships. At the moment, however, there is a financial crisis in India due to the fall in the value of sugar, tea, rice, hides, and rubber. Shortage of credit and capital is bringing down many of the recently created companies, and shares are falling as in England. The shake out will probably do good. At the other end of India, in Bombay, there are no Scotsmen. Parsees take their place and run the cotton mills and export business. They own the land, too, and that alone would make them millionaires, for there is land and house hunger in Bombay as no where else in the world. The war left them all rich. Indians always import and absorb vast masses of gold and silver for jewellery; being rich they imported more, and the rupee fell. The joy of India is to get into a motor car between 5 and 6 o'clock in the evening and drive along the beautiful roads. So, after the war and with the rupee at 2*s*. 6*d*., they all bought motor cars, and for that reason, too, the rupee collapsed. In early November there were 1,000 motor cars lying in harbour at Bombay, and the rupee had fallen to 1*s*. 5*d*., and no one could afford to make delivery.

During the five years of war all the machinery and rolling stock in India wore itself out, and could not be replaced. For a year after the war people waited for a fall in prices, hesitating to buy at post-war figures. Then, with the rupee at 2*s*. 6*d*., and no sign of cheaper times, they all bought at once; machinery comes in, rupees go out, and down toppels the exchange. With the rupee at 2*s*. 6*d*., every Englishman remitted home, even if he did not himself come home to spend the good rupee; away went the flood of rupees, and again the exchange crashed down.

At the moment India exports little but rupees. Japan reached its crisis first, and could not buy the Indian cotton; what cotton is exported fetches lamentable prices. On hides the Government had put an export duty; but without that the trade would have failed, for no European outside England can afford to buy boots or leather. The rubber people are deliberately restricting the output, and with rubber at 1*s*. 1*d*. per lb. instead of 2*s*. 1*d*. any export value looks pitiably small. The same is true of tea. Russia cannot buy tea any more than Germany or Italy can afford rubber. The monsoon has partially failed, and the Punjab can spare no wheat for export. Burma could still export rice, but it is all earmarked for India and Ceylon. Manufactured jute (sackcloth) alone goes on pouring out from the Hodgly, almost serene.

But there is one other export growing daily in volume which will ultimately right the exchange, bits of printed paper calling themselves share certificates. Machinery and share capital are coming in, and these bits of paper are going out; presently the machines and capital will be producing—producing for the world.

The war started India on the industrial path. They had to become self-reliant. The Bengal Steel and Iron Company, whose shares rose from 10s. to £10, and even more, the Tata Steel Company with their innumerable subsidiaries rose from infancy to maturity. Now, by arrangement with, I believe, Messrs. Vickers and other English capitalists, they are proceeding with the more finished products—railway waggons corrugated iron roofing, boilers, and all the hundred and one ramifications of the hardware trades. Paper mills, match factories, nut and bolt works have all sprung up in the war. Japan, it is true, cut in first and swamped the market, but their second year's imports were so inferior that the Indian has been driven, as it were, into the "swadeshi" fold, and must now produce for himself.

Indian industrial magnates will tell you that labour is not really cheap in India—that the work is so inefficient and so slack that the workers are not really worth the 30 to 40 rupees a month they earn. If wages go up the wicked workers only drink the money, etc., etc. But there never were industrial magnates who did not say the same; and labour is indeed cheap and plentiful, and is daily becoming more efficient in the new work. It seems to me, too, that capital in India is reasonably secure. No place in the world is free from strikes and nervousness of Bolshevism; the currency fluctuates everywhere, creating instability; capital levies and State bankruptcy hover over all Europe. On the whole, save for Gandhi, India seems the safest spot on earth for the exploiter. If you balance off the danger of Gandihism against the Calcutta traditions of sound finance, it is a fair balance. (*Yorkshire Post*)

## INCOME TAX ON RAILWAYS.

The Financial Commissioner of Burma (Hon'ble R. F. V. Arbuthnot) has made an important reference to the full bench of the Chief Court which will be heard shortly. It arises out of two assessments on Burma Railway Company by the Collector of Income-tax in the sum of Rs. 1,88,716 on an income of Rs. 29,71,468 for the year ending March 1st 1920 and in the sum of Rs. 1,83,038 on an income of Rs. 29,28, 612 for the year ending March 31st 1919. When the matter was brought up before the Commissioner of Pegu the railway company submitted through their counsel that being owners of land and buildings appertaining to the Burma Railway they were entitled to deduct the annual value of the premises wherein their business was conducted from their profits. The Collector of income-tax refused that contention. In an alternative statement the Burma Railways company urged that they were owners of the premises being partners with the Sceretary of State. That point was also denied by the Collector of Income-tax. Both parties desired to have points referred by the financial Commissioner to the Chief Court for decision. The Commissioner of Pegu held the view that the Secretary of State being the owner of the railway system under Section 42 of the contract between Burma Railways and the Secretary of State it is as difficult to hold that the company was also the owner. The case went upon appeal before the Financial Commissioner who being of similar opinion referred the following two questions to the Chief Court for decision :—(1) Are the Burma Railways owner of the railway system and its premises for the purposes of section 19 (2) of the Income Tax Act. (2) Are the Burma Railways the owners of the Railway system and its premises in virtue of being partners with the Secretary of State for India.

## INDIAN'S TRADE.

The Director of Statistics at Calcutta has published figures which show that America and Japan have, since the outbreak of war, increased their shares in the total trade of India from 12½ per cent. in 1913-14 to 26 per cent. in 1919-20, as will be seen from the following table (says *Economist*) :—

Total Trade (Annual Figures).

| | 1913-14. | 1918-19. | 1919-20. |
|---|---|---|---|
| | % | % | % |
| America | 6·2 | 11·7 | 13·8 |
| Japan | 6·4 | 14·9 | 12·3 |
| Total | 12·6 | 26·6 | 26·1 |

In 1919-20, however, Japan has lost to a considerable extent her position created during the war in the import trade, her share, which rose to nearly 20 per cent. in 1918-19 from 2½ per cent. in 1913-14, fell to 9 per cent. in 1919-20. But India has not lost much ground in her trade with the British Empire, which had 51 per cent. of the total trade in 1919-20, as against 54 per cent. in 1918-19 and 52 per cent. in the pre-war year. The United Kingdom's share was 38 percent., as against 35 per cent. in the preceding year and 41 per cent. in 1913-14. The latest satistics for the six months, April to September, 1920, show that 63 per cent. of the total imports came from the United Kingdom as against 45 per cent. in the same period of 1919 and 65 per cent. in that of 1913. America and Japan each had 9 per cent. of the import trade, as against 16 and 10 percent. respectively in the corresponding period of the previous year, and over 2½ per cent. each in the same period of the pre-war year. In the export trade the United Kingdom's share in the six months of 1920 was 21 per cent., as against 31 per cent. in 1919 and 25 per cent. in 1913. A considerable increase has taken place in the last six months in trade with Germany. Imports from Germany in the six months April to September, 1920, were valued at Rs. 1·39 lakhs, as against Rs. 8,000 only in the same period of 1919 and Rs. 5·90 lakhs in that of the pre-war year 1913. This was 1 per cent. of the total import trade, as against 7 per cent. in the pre-war period. The exports to Germany in the six months of 1920 were valued at Rs. 3·22 lakhs, as against Rs. 77,000 in the same period of 1919 and Rs. 11·41 lakhs in that of the pre-war year 1913. Her share in the export trade was 2·4 per cent. in 1920, as against 10 per cent. in the six months of 1913.

## SILVER SUPPLIES FOR 1920.

Messrs. Montagu's annual bullion etter states that the production of silver in 1920 is estimated at 178 million ounces. When constant realisation of the European silver coin is added to the material from the mines, the available supplies for 1920 probably exceed the record year of 1911. Enquiry cannot be expected to be so keen as the continent is selling. Economy is the watch word of the day and taxation is cutting at the root of luxury, expenditure reducing the demand for plate and jewellery. The requirements of India and China are doubtful, but both are well stocked with silver. Too much importance should not be attached to the rumours that the Pittman Act will be abrogated. Any attempt at fresh legislation will be strongly resisted by silver smelters and compromise is probable. If, for example, the repurchasing price under the Act be reduced from dollar to current quotation the United States production still would not add its quota to the pressure upon the market for the world supplies would be correspondingly reduced.

### Trend of prices upwards.

Merssrs. Montagu's report states that the market is rather sluggish, Continental and other sales are smaller than lately and have not sufficed to set off buying orders from China and from India, though these are only moderate. Hence, the trend of prices is upward. It is remarkable that silver continues to be shipped to China, despite large amounts in stock and *en route*. If some day China should have a fit of indigestion, it could obtain relief in only one way.

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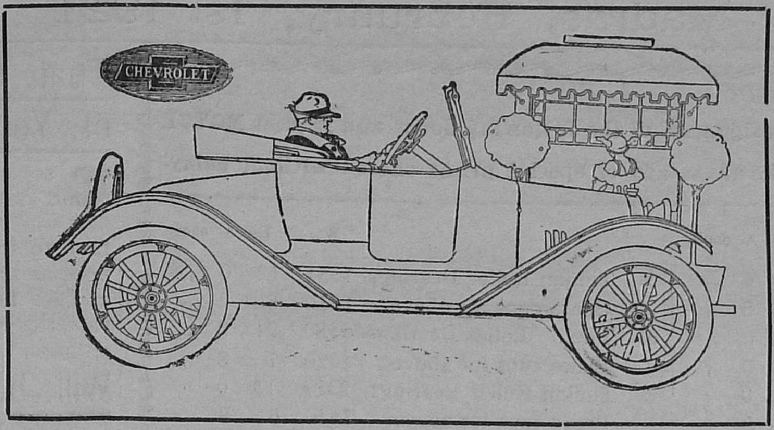


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